

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Cash in Lieu of Credits – TCAP Funds

January 27, 2010

Project Number CA-2010-506

Project Name Amistad House
Address: 2050 Delaware Street
Berkeley, CA 94709 **County:** Alameda

Applicant Information

Applicant: Satellite Housing, Inc.
Contact Ryan Chao
Address: 1521 University Avenue
Berkeley, CA 94703
Phone: (510) 647-0700 **Fax:** (510) 647-0820
Email: rchao@sathomes.org

General Partner Type: Nonprofit
The general partner or principal owner is Amistad House, LLC.

Project Information

Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt/Project Based Section 8
HCD MHP Funding: No
Total # of Units: 60
Total # Residential Buildings: 1
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 59 units

Information

Housing Type: At-Risk **Proposed Average Affordability:** 40.0000%

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: No

15% Prevailing Wage Adjustment: \$0

2009 TCAC Project Number: CA-2009-851

2009 Annual Federal Tax Credits Reserved: \$322,177

2009 Federal Reserved Tax Credits Exchanged/Returned: \$322,077

2009 Federal Reserved Tax Credits Retained: \$100

Original Net Equity Factor: (maximum \$0.80 for 2009) \$0.75200 Fed

Calculated Amount of Cash Requested: $(\$322,077 \times 10 \times 0.75200) = \$2,422,019$

Total Cash Award Recommended: \$2,422,019

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> At-Risk Project	30	30.0000
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$12,127,511		
Cash Award Request: \$2,422,019		
Total Points Awarded: $100 - (\$2,422,019 / \$12,127,511 \times 100) = 80.0287$	100	80.0287
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 40.0000%		
60% - Average Affordability X 5 Points = $(60\% - 40.0000\%) \times 5 = 100$	100	100.0000
<i>Total 15-Year Project-Based Rental Assistance Points (Maximum of 25 points)</i>		
<input checked="" type="checkbox"/> Project with 100% 15-Year Project-Based Rental Assistance = 25 points	25	25.0000
Total Points	275	235.0287

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes

Number of Units @ or below 60% of area median income: 23

Number of Units @ or below 50% of area median income: 36

Approved 2009 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
1 Studio Unit	50%	\$781
35 One-bedroom Units	50%	\$836
23 One-bedroom Units	60%	\$1,003
1 One-bedroom Unit	Manager's unit	\$783

Project Financing

Estimated Total Project Cost: \$12,127,511

Per Unit Cost: \$202,125

Construction Financing		Permanent Financing	
US Bank Tranche A	\$1,818,000	US Bank Tranche A	\$1,812,000
US Bank Lender Tranche B	\$2,491,000	US Bank Lender Tranche B	\$2,235,000
US Bank Tranche C	\$1,022,192	City of Berkeley	\$300,000
City of Berkeley	\$300,000	AHP	\$350,000
FHLB, AHP	\$350,000	Seller Carryback	\$3,958,754
Seller Carryback	\$3,307,018	Replacement Reserves	\$678,425
Replacement Reserves	\$522,933	Deferred Developer Fee	\$370,513
TCAC ARRA Funds	\$968,808	Investor Equity	\$800
		TCAC ARRA Funds	\$2,422,019
		TOTAL	\$12,127,511

Income and Expense Statement for Year 1

Gross Residential Rents:	\$625,224
Rental Subsidy Income:	\$256,032
Miscellaneous Income:	\$5,040
Vacancy Rate: 5%	(\$44,315)
Total Effective Gross Income:	\$841,981
Less Total Expenses/Reserves/Taxes:	\$447,854
Net Operation Income:	\$394,127
Debt Service:	\$328,132
Net Cash Flow	\$65,995
Debt Service Ratio:	1.20 to 1

Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

Standard Conditions

The Committee may make a Conditional Reservation of American Recovery and Reinvestment Act of 2009 (ARRA), Tax Credit Assistance Program (TCAP) funds for the project sponsor. This Conditional Reservation would not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the California Tax Credit Allocation Committee of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part §58. The provision of any funds to the project is conditioned on TCAC's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review and further underwriting.

The project sponsor is prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. A violation of this provision may result in the denial of any funds.

In addition, each project ultimately awarded ARRA TCAP funds will have to comply with all federal requirements, such as Section 504, Davis-Bacon federal labor standards laws, anti-lobbying requirements, lead-based paint rules, and other federal laws.

All ARRA funded projects will be required to track and report on all jobs created or retained as a result of the funds.